

ANNUAL BUDGET OF
NALEDI LOCAL
MUNICIPALITY
NW392



2014/15 TO 2016/17
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading	KPI	Key Performance Indicator
ASGISA	Accelerated and Shared Growth Initiative	kWh	kilowatt
BPC	Budget Planning Committee	ℓ	litre
CBD	Central Business District	LED	Local Economic Development
CFO	Chief Financial Officer	MEC	Member of the Executive Committee
CM	Municipality Manager	MFMA	Municipal Financial Management Act Programme
CPI	Consumer Price Index	MIG	Municipal Infrastructure Grant
CRRF	Capital Replacement Reserve Fund	MMC	Member of Mayoral Committee
DBSA	Development Bank of South Africa	MPRA	Municipal Properties Rates Act
DoRA	Division of Revenue Act	MSA	Municipal Systems Act
DWA	Department of Water Affairs	MTEF	Medium-term Expenditure Framework
EE	Employment Equity	MTREF	Medium-term Revenue and Expenditure Framework
EEDSM	Energy Efficiency Demand Side Management	NERSA	National Electricity Regulator South Africa
EM	Executive Mayor	NGO	Non-Governmental organisations
FBS	Free basic services	NKPIs	National Key Performance Indicators
GAMAP	Generally Accepted Municipal Accounting Practice	OHS	Occupational Health and Safety
GDP	Gross domestic product	OP	Operational Plan
GDS	Gauteng Growth and Development Strategy	PBO	Public Benefit Organisations
GFS	Government Financial Statistics	PHC	Provincial Health Care
GRAP	General Recognised Accounting Practice	PMS	Performance Management System
HR	Human Resources	PPE	Property Plant and Equipment
HSRC	Human Science Research Council	PPP	Public Private Partnership
IDP	Integrated Development Strategy	PTIS	Public Transport Infrastructure System
IT	Information Technology	RG	Restructuring Grant
kl	kilolitre	RSC	Regional Services Council
km	kilometre	SALGA	South African Local Government Association
KPA	Key Performance Area	SAPS	South African Police Service
		SDBIP	Service Delivery Budget Implementation Plan
		SMME	Small Micro and Medium Enterprises

Part 1 – Annual Budget

1.1 Mayor's Report

Refer to Annexure C

1.2 Council Resolutions

On 29 May 2014 the Council of Naledi Local Municipality met in the Council Chambers to consider the annual budget of the municipality for the financial year 2014/15. The Council approved and adopted the following resolutions:

1. That the final Operating and Capital Budget for the MTREF 2014/15 to 2016/17 is hereby tabled by the Mayor to Council in terms of section 16(2) of the Municipal Finance Management Act, 56 of 2003.
2. That the draft Operating and Capital Budget for the MTREF 2014/15 to 2016/17 was taken for public participation to all wards within Naledi Local Municipality and that public was invited to make representations in connection with the budget in terms of sections 22 and 23 of the Municipal Finance Management Act, 56 of 2003.
3. That in terms of section 17(3) of the Municipal Finance Management Act, 56 of 2003, the following draft resolution for the final adoption of the annual Operating and Capital Budget for the MTREF 2014/15 to 2016/17 is hereby noted.
4. That in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the annual budget of the Naledi Local Municipality for the financial year 2014/15; and indicative allocations for the two projected outer years 2015/16 and 2016/17; and the multi-year and single year capital appropriations are approved as set-out in the following tables:
 - 4.1 Budgeted Financial Performance (revenue and expenditure by standard classification);
 - 4.2 Budgeted Financial Performance (revenue and expenditure by municipal vote);
 - 4.3 Budgeted Financial Performance (revenue by source and expenditure by type); and
 - 4.4 Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source.
5. That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set-out in the following tables:
 - 5.1 Budgeted Financial Position;
 - 5.2 Budgeted Cash Flows;

5.3 Cash backed reserves and accumulated surplus reconciliation;
 5.4 Asset management; and
 5.5 Basic service delivery measurement.

6. That in terms of section 24(2)(c)(i) and (ii) of the Municipal Finance Management Act, 56 of 2003 and sections 74 and 75A of the Local Government: Municipal Systems Act, Act 32 of 2000 as amended, the tariffs for the supply of water, electricity, waste services, sanitation services and property rates as set out in annexures D that were used to prepare the estimates of revenue by source, are approved with effect from 01 July 2014.

7. That 2014 / 2015 tariffs be increased as follows:-

7.1	Rates	-18.76 %
7.2	Water	6.20 %
7.3	Electricity	7.39 %
7.4	Refuse Removal	6.20 %
7.5	Sewerage	6.20 %
7.6	Other Services	6.20 %

8. That in terms of section 5 of the Municipal Property Rates Act, 6 of 2004, the rates policy (or the amendments to the rates policy) is approved.
9. That provision has been made for 6.79 % increase in the salaries and wages of employees in terms of the *Salary and Wage Collective Agreement from 1 July 2012 to 30 June 2015*.
10. That in terms of section 24(2)(c)(iii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework as set out in Supporting Table SA7 are approved.
11. That in terms of section 24(2)(c)(iv) of the Municipal Finance Management Act, 56 of 2003, the amendments to the integrated development plan as set out in Budget Chapter 17 are approved.

12. That in terms of section 24(2)(c)(v) of the Municipal Finance Management Act, 56 of 2003, the budget-related policies, including any amendments as set out in Budget Chapter 19 are approved for the budget year 2014/15.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 70 and 72 were used to guide the compilation of the 2014/15MTREF.

The main challenges experienced during the compilation of the 2014/15MTREF can be summarised as follows:

- The on-going difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity Municipality infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Vaalharts Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2014/15MTREF process; and
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2014/15MTREF:

- The 2013/14 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2014/15annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;

- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2014/15 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2014/15 MTREF

R Thousand	Adjustment budget 2013/14	Budget year 2013/14	Budget year 2014/15	Budget year 2015/16
Total Operating Revenue	317,896,587	324,223,282	323,752,019	345,065,701
Total Operating Expenditure	347,007,891	378,087,475	394,002,110	413,580,696
Surplus/ Deficit for the year	(29,111,303)	(53,864,193)	(70,250,091)	(68,514,995)
Total Capital Expenditure	53,110,700	44,748,450	24,729,850	30,764,700

Total operating revenue has grown by 1.6 per cent or R6, 3 million for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue will increase by 1.81 and 7.9 per cent respectively over the MTREF when compared to the 2013/14 financial year.

Total operating expenditure for the 2014/15 financial year has been appropriated at R378, 1 million and translates into a budgeted deficit of R53, 9 million. The deficit of R53, 9 million includes non-cash items for depreciation of R60,6 million and debt impairment of R15, 5 million. When compared to the 2013/14 Adjustments Budget, operational expenditure has increased by 8.2 per cent in the 2014/15 budget and increased by 11.9 and 16.1 per cent for each of the respective outer years of the MTREF. The operating deficit for the two outer years increases to R70, 2 million and R68, 5 million which includes non-cash items for depreciation and debt impairment of R80,2 and R84,6 million.

The capital budget of R44.7 million for 2014/15 is 18.7 per cent less when compared to the 2013/14 Adjustment Budget. The capital programme decreases to R24.7 million in the 2015/16 financial year and also decreases in 2016/17 to R30.7 million. A substantial portion of the capital budget will be funded from conditional grants over MTREF. Conditional grants will contribute 62.5, 94.3 and 95.4 per cent of capital expenditure in each of the MTREF years. The balance will be funded from loan of R10 million and internally generated funds of R6, 8 million.

1.4 Operating Revenue Framework

For Naledi Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity Municipality tariff increases as approved by the National Electricity Municipality Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2014/15 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

NW392 Naledi (Nw) - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Revenue By Source											
Property rates	2	20,963	23,972	27,872	26,646	32,278	32,278	32,278	39,842	42,193	44,514
Property rates - penalties & collection charges		–	1,605	–							
Service charges - electricity revenue	2	59,245	72,007	77,554	99,574	85,620	85,620	85,620	107,549	114,807	122,084
Service charges - water revenue	2	22,116	25,408	21,733	22,615	33,132	33,132	33,132	27,868	29,513	31,136
Service charges - sanitation revenue	2	12,449	13,074	14,049	15,275	14,002	14,002	14,002	14,732	15,601	16,459
Service charges - refuse revenue	2	13,601	12,788	13,987	15,251	14,000	14,000	14,000	14,845	15,721	16,586
Service charges - other						–	–	–			
Rental of facilities and equipment		780	898	1,065	755	1,055	1,055	1,055	949	1,005	1,061
Interest earned - external investments		275	174	593	596	500	500	500	600	635	670

Interest earned - outstanding debtors		7,421	9,064	9,998	8,500	15,000	15,000	15,000	12,000	12,708	13,407
Dividends received						-	-	-			
Fines		316	297	403	301	350	350	350	340	360	380
Licences and permits		1,438	4,114	5,478	2,356	5,690	5,690	5,690	5,670	6,005	6,335
Agency services						-	-	-			
Transfers recognised - operational		28,211	33,179	58,826	54,331	56,031	56,031	56,031	55,559	57,430	58,405
Other revenue	2	2,479	2,253	4,483	4,417	2,412	2,412	2,412	7,415	3,610	3,804
Gains on disposal of PPE		552	-	2,887	7,350	7,350	7,350	7,350	12,102	-	-
Total Revenue (excluding capital transfers and contributions)		169,845	198,832	238,930	257,967	267,420	267,420	267,420	299,472	299,589	314,840

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2014/15 financial year, revenue from services charges totalled R146, 7 million. This increases to R164, 9 million, R175, 6 million and R186, 3 million in the respective financial years of the MTREF. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity.

Property rates is the second largest revenue source totalling 9.9 per cent or R39, 8 million rand and increases to R42, 2 million by 2015/16. The third largest sources is interest on outstanding debtors with R12 million and the fourth largest sources is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees.

Operating grants and transfers from National and Provincial government totals R55, 6 million in the 2014/15 financial year and steadily increases to R57, 4 million by 2015/16. Operating grants and transfers from Dr Ruth Sekgomotsi District Municipality totals R13, 9 million in the 2014/15 financial year and steadily increases to R14, 7 million by 2015/16. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts

NW392 Naledi (Nw) - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RECEIPTS:	1,									
- Operating Transfers and Grants	2									
National Government:		28,405	31,410	36,396	38,051	38,651	38,651	41,079	42,127	42,289
Local Government Equitable Share		26,405	29,120	33,235	34,611	34,611	34,611	36,699	39,510	39,571

Finance Management		1,250	1,500	846	1,550	1,550	1,550	1,600	1,650	1,700
Municipal Systems Improvement		750	790	800	890	890	890	934	967	1,018
EPWP Incentive				1,515	1,000	1,600	1,600	1,846		
Other transfers/grants [insert description]										
Provincial Government:		460	-	-	540	540	540	530	530	530
Sport and Recreation		460			540	540	540	530	530	530
Other transfers/grants [insert description]										
District Municipality:		-	2,039	28,013	16,820	16,920	16,920	13,950	14,773	15,586
<i>Dr Ruth Sekgomotsi</i>			2,039	28,013	16,820	16,920	16,920	13,950	14,773	15,586
Other grant providers:		-	-	220	-	-	-	-	-	-
<i>LG SETA</i>				220						
Total Operating Transfers and Grants	5	28,865	33,450	64,629	55,411	56,111	56,111	55,559	57,430	58,405
<u>Capital Transfers and Grants</u>										
National Government:		9,984	12,009	22,567	40,106	33,977	33,977	24,051	24,163	30,226
Municipal Infrastructure Grant (MIG)		9,984	12,009	14,567	15,106	15,106	15,106	16,051	16,663	17,226
Department of Environmental Affairs and Electricity Demand side management grant and INEP				8,000	25,000	18,871	18,871	8,000	7,500	13,000
Provincial Government:		-	-	-	-	-	-	700	-	-
Fire and Emergency Grant								700	-	-
District Municipality:		4,802	-	-	-	-	-	-	-	-
<i>Dr Ruth Sekgomotsi</i>		4,802						-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>LG SETA</i>										
Total Capital Transfers and Grants	5	14,786	12,009	22,567	40,106	33,977	33,977	24,751	24,163	30,226
TOTAL RECEIPTS OF TRANSFERS & GRANTS		43,650	45,459	87,196	95,517	90,088	90,088	80,310	81,593	88,631

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. The municipality decreased the property rates tariff by -18.76% due to increased value of properties as a results of new valuation roll which will be implemented as from 1 July 2014 to ensures affordability by customers and increased other tariffs charges with 6.2% except for electricity which was increased by 7.39% as per NERSA guidelines. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom tariffs are far beyond the mentioned inflation target. Given that the tariff increases are determined by external agencies, the impact they have on the municipality's electricity and the tariff is largely outside the control of the Municipality.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2014/15 financial year based on a 10 per cent increase from 1 July 2011 is contained below:

Table 4 Comparison of proposed rates to levied for the 2014/15 financial year

Category	Current Tariff (1 July 2013)	Proposed tariff (from 1 July 2014)
	c	C
Residential	R 0.0075	R 0.0061
Businesses	R 0.0149	R 0.0121
Industrial	R 0.0149	R 0.0121
Agricultural	R 0.0019	R 0.0015
Agricultural : Businesses	R 0.0037	R 0.0030
Government	R 0.0224	R 0.0182

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

A tariff increase of 6.2 per cent from 1 July 2014 for water is proposed. In addition 6 kℓ water per 30-day period will again be granted free of charge to the registered indigents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 5 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2013/14	PROPOSED TARIFFS 2014/15
	Rand per kℓ	Rand per kℓ
Households		
Monthly basic charge fee	R 0.00	R 0.00
Consumption per kiloliter per monthly reading/estimate (0 kl - 6 kl)	R 6.11	R 6.50
Consumption per kiloliter per monthly reading/estimate (7 kl - 15 kl)	R 8.13	R 8.60
Consumption per kiloliter per monthly reading/estimate (16 kl - 30 kl)	R 9.14	R 9.70
Consumption per kiloliter per monthly reading/estimate (31 kl - 50 kl)	R 10.68	R 11.30
Consumption per kiloliter per monthly reading/estimate (51 kl and more)	R 11.08	R 11.80
Businesses and other consumers		

CATEGORY	CURRENT TARIFFS 2013/14	PROPOSED TARIFFS 2014/15
	Rand per kℓ	Rand per kℓ
Monthly availability/basic charge fee: Businesses	R 176.00	R 186.90
Monthly availability/basic charge fee: Sporting grounds	R 58.30	R 61.90
Monthly availability/basic charge fee: Agricultural Society	R 58.30	R 61.90
Monthly availability/basic charge fee: Bulk consumers above 500 kl	R 575.10	R 610.80
Consumption per kiloliter per monthly reading/estimate: Businesses, sporting grounds and Agricultural Society	R 7.72	R 8.20
Monthly availability/basic charge fee: Motor Club	R 29.80	R 31.60
Consumption per kiloliter per monthly reading/estimate: Motor Club	R 9.08	R 9.60
Consumption per kiloliter per monthly reading/estimate: Businesses Taung & Pudimoe (No basic charge)(Connection along Pudimoe line)	R 9.54	R 10.10
A rebate of 10% will be applicable on manufacturing industries in the industrial area and businesses in the CBD under certain conditions	10% Rebate	10% Rebate
Sedibeng water provision		
Consumption per kiloliter per monthly reading/estimate	R 7.50	R 8.00
Bernaauw Small Holdings within municipal area		
Consumption per kiloliter per monthly reading/estimate (0 kl - 250 kl)	R 9.40	R 10.00
Consumption per kiloliter per monthly reading/estimate (251 kl - 300 kl)	R 22.69	R 24.10

CATEGORY	CURRENT TARIFFS 2013/14	PROPOSED TARIFFS 2014/15
	Rand per kℓ	Rand per kℓ
Consumption per kiloliter per monthly reading/estimate (301 kl - 350 kl)	R 30.62	R 32.50
Consumption per kiloliter per monthly reading/estimate (351 kl - 400 kl)	R 38.56	R 41.00
Consumption per kiloliter per monthly reading/estimate (401 kl and more)	R 75.88	R 80.60

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

The tariff structure of the 2013/14 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R11.80 per kilolitre for consumption in excess of 51kℓ per 30 day period.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 7.39 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2014.

Considering the Eskom increases, the consumer tariff had to be increased by 8.06 per cent to offset the additional bulk purchase cost from 1 July 2013.

Registered indigents will again be granted 50 kWh per 30-day period free of charge

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 6.2 per cent for sanitation from 1 July 2014 is proposed. This is based on the input cost assumptions related to water. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R15, 275 million for the 2014/15 financial year.

The following table compares the current and proposed tariffs:

Table 6 Comparison between current sanitation charges and increases

CATEGORY	CURRENT TARIFF 2013/14	PROPOSED TARIFF 2014/15
	TARIFF PER kℓ	TARIFF PER kℓ
	R	R
Households for the first 4 flush units	158.00	167.00
Households for every flush unit above 4 to maximum of an additional 5 flush units	131.00	139.00
Sport clubs for the first 4 flush units	158.00	167.00
Households for the first 4 flush units	R 167.00	R 177.40
Households for every flush unit above 4 to maximum of an additional 5 flush units	R 139.00	R 147.60
Sport clubs for the first 4 flush units	R 167.00	R 177.40
Sport clubs for every flush unit above the first 4 flush units	R 139.00	R 147.60
Church halls	R 386.00	R 409.90
Other premises: Per flush unit or 600mm urinal to a maximum of 50 flush units	R 167.00	R 177.40

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

1.4.5 Waste Removal and Impact of Tariff Increases

A 6.2 per cent increase in the waste removal tariff is proposed from 1 July 2014. Any increase higher than 6.2 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2014:

Table 7 Comparison between current waste removal fees and increases

Refuse removal fees per month (one removal per week unless otherwise indicated)	Budget year 2013/14	Budget year 2014/15
Household	R 158.00	R 167.80
Churches/Halls	R 158.00	R 167.80
Halls	R 158.00	R 167.80
Sporting clubs	R 158.00	R 167.80
Theatres	R 158.00	R 167.80
Squatters with community toilets and water (all inclusive tariff)	R 168.00	R 178.40
Guest houses / Lodges (per room to a maximum of 10 rooms)	R 59.70	R 63.40
Hotels (3 times per week)	R 1,194.00	R 1,268.00
Old age homes and care centres	R 643.00	R 682.90
Cafés, green grocers and restaurants (3 times per week)	R 856.00	R 909.10
Hostels	R 1,194.00	R 1,268.00
Hospitals	R 1,194.00	R 1,268.00
Schools	R 442.00	R 469.40
Shops, hardware stores and other businesses	R 498.00	R 528.90
Chain stores and super markets (3 times per week)	R 1,026.00	R 1,089.60
Banks, libraries, large offices and department offices	R 535.00	R 568.20
Garages, work shops and spare part centres	R 666.00	R 707.30
Factories	R 312.00	R 331.30
Taxi rank (3 times per week)	R 1,685.00	R 1,789.50
Offices	R 324.00	R 344.10
Franchise restaurants (3 times per week)	R 1,150.00	R 1,221.30

Tuck shops and taverns	R 256.00	R 271.90
Exhaust centres	R 672.00	R 713.70
Businesses on residential sites will be determined per type of business	To be determined	To be determined
Shoprite, Spar and Pick & Pay (7 times per week)	R 3,741.00	R 3,972.90
Special removal from businesses per load	R 405.00	R 430.10
Stella businesses	R 187.00	R 198.60
Centres will be based on number and type of businesses in centre	To be determined	To be determined
Business standing empty	R 206.00	R 218.80
Mass containers (1 m ³)(Capital Cost R 1,100)	R 349.00	R 370.60
Mass containers (8 m ³)(Capital Cost R 12,000)	R 685.00	R 727.50
Mass containers (18 m ³)(Capital Cost R 32,000)	R 1,032.00	R 1,096.00
Refuse removal per 240 liter refuse bin (2 removals per week)	R 218.00	R 231.50
Refuse removal per 240 liter refuse bin (3 removals per week)	R 287.00	R 304.80
Refuse removal per 240 liter refuse bin (7 removals per week)	R 362.00	R 384.40
Refundable deposit: All new business applications - relocations included	R 467.00	R 496.00
Penalty for the removal of municipal refuse bins (240 liter refuse bins) from any premises	R 808.00	R 858.10

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Table 8 MBRR Table SA14 – Household bills

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15 % incr.	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		1,374.72	1,440.71	1,525.71	1,611.15	1,611.15	1,611.15	(18.8%)	1,308.90	1,386.13	1,462.36
Electricity: Basic levy		229.78	276.61	307.12	328.61	328.61	328.61	7.4%	352.90	378.98	406.98
Electricity: Consumption		4,542.51	5,468.28	6,071.43	6,411.43	6,411.43	6,411.43	6.2%	6,808.94	7,210.66	7,607.25
Water: Basic levy		–	–	–	–	–	–	6.2%	–	–	–
Water: Consumption		970.09	1,067.10	1,130.06	1,193.34	1,193.34	1,193.34	6.2%	1,267.33	1,342.10	1,415.92
Sanitation		330.73	363.80	385.27	406.84	406.84	406.84	6.2%	432.07	457.56	482.73
Refuse removal		133.56	139.97	148.23	156.53	156.53	156.53	6.2%	166.23	176.04	185.73
Other		–	–	–	–	–	–	6.2%	–	–	–
sub-total		7,581.40	8,756.47	9,567.81	10,107.91	10,107.91	10,107.91	2.3%	10,336.37	10,951.47	11,560.96
VAT on Services											
Total large household bill:		7,581.40	8,756.47	9,567.81	10,107.91	10,107.91	10,107.91	2.3%	10,336.37	10,951.47	11,560.96
% increase/-decrease			15.5%	9.3%	5.6%	–	–		2.3%	6.0%	5.6%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		268.30	281.17	297.76	314.44	314.44	314.44	(18.8%)	255.45	270.52	285.40
Electricity: Basic levy		116.41	140.13	155.59	166.48	166.48	166.48	7.4%	178.78	192.00	206.19
Electricity: Consumption		592.04	712.69	791.31	835.62	835.62	835.62	6.2%	887.43	939.78	991.47
Water: Basic levy		–	–	–	–	–	–	6.2%	–	–	–
Water: Consumption		182.59	200.85	212.70	224.61	224.61	224.61	6.2%	238.53	252.61	266.50
Sanitation		132.50	145.75	154.35	162.99	162.99	162.99	6.2%	173.10	183.31	193.39
Refuse removal		133.56	139.97	148.23	156.53	156.53	156.53	6.2%	166.23	176.04	185.73
Other		–	–	–	–	–	–	6.2%	–	–	–
sub-total		1,425.39	1,620.57	1,759.94	1,860.67	1,860.67	1,860.67	2.1%	1,899.53	2,014.27	2,128.68
VAT on Services											
Total small household bill:		1,425.39	1,620.57	1,759.94	1,860.67	1,860.67	1,860.67	2.1%	1,899.53	2,014.27	2,128.68
% increase/-decrease			13.7%	8.6%	5.7%	–	–		2.1%	6.0%	5.7%

				0.37	0.33	1.00	-				
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		86.76	85.60	90.55	95.62	95.62	95.62	(18.8%)	77.68	82.27	86.79
Electricity: Basic levy		116.41	140.84	177.37	189.79	189.79	189.79	7.4%	203.81	218.87	235.05
Electricity: Consumption		367.17	597.12	362.30	382.59	382.59	382.59	6.2%	406.31	430.28	453.95
Water: Basic levy		-	-	-	-	-	-	6.2%	-	-	-
Water: Consumption		96.51	61.74	65.46	69.13	69.13	69.13	6.2%	73.41	77.74	82.02
Sanitation		135.00	149.00	158.00	166.85	166.85	166.85	6.2%	177.19	187.65	197.97
Refuse removal		133.00	140.00	149.00	157.34	157.34	157.34	6.2%	167.10	176.96	186.69
Other				-	-	-	-	6.2%	-		
sub-total		934.85	1,174.30	1,002.68	1,061.31	1,061.31	1,061.31	4.2%	1,105.51	1,173.77	1,242.46
VAT on Services											
Total small household bill:		934.85	1,174.30	1,002.68	1,061.31	1,061.31	1,061.31	4.2%	1,105.51	1,173.77	1,242.46
% increase/-decrease			25.6%	(14.6%)	5.8%	-	-	4.2%	6.2%	6.2%	5.9%

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

Table 9 Summary of operating expenditure by standard classification item

Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Expenditure By Type	-										
Employee related costs	2	68,700	73,678	89,169	106,286	114,245	114,245	114,245	135,719	143,726	151,631
Remuneration of councillors		4,384	4,328	4,603	4,806	6,019	6,019	6,019	6,176	6,541	6,901
Debt impairment	3	26,813	57,734	49,705	15,957	18,682	18,682	18,682	15,473	15,982	16,861
Depreciation & asset impairment	2	8,463	46,783	47,221	55,364	50,600	50,600	50,600	60,600	64,175	67,705
Finance charges		10,435	10,670	18,756	5,723	18,287	18,287	18,287	18,285	18,970	19,622
Bulk purchases	2	45,786	43,358	67,493	80,300	80,200	80,200	80,200	77,500	82,073	86,586
Other materials	8	4,110	4,587	16,586	17,413	12,171	12,171	12,171	25,056	20,577	20,208
Contracted services		9,488	6,651	30,017	2,776	12,198	12,198	12,198	12,027	12,722	13,408
Transfers and grants		-	419	1,687	1,564	619	619	619	1,004	1,064	1,122
Other expenditure	4, 5	15,747	18,889	25,422	19,500	33,988	33,988	33,988	26,245	28,172	29,536
Loss on disposal of PPE		-	4,159	-							
Total Expenditure		193,927	271,255	350,658	309,690	347,008	347,008	347,008	378,087	394,002	413,581

The budgeted allocation for employee related costs for the 2014/15 financial year totals R135,7 million, which equals 35.9 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.79 per cent for the 2014/15 financial year. An annual increase of 6.4 per cent has been included in the two outer years of the MTREF.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 86 per cent and the Debt Write-off Policy of the Municipality. For the 2014/15 financial year this amount equates to R15,5 million and increase to R15,9 million by 2015/16. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R60,6 million for the 2014/15 financial and equates to 16 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 4.8 per cent (R18,3 million) of operating expenditure excluding annual redemption for 2014/15 and increases to R18,9 million by 2015/16.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Vaalharts Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. For 2014/15 the appropriation against this group of expenditure has grown by 6.6 per cent (R25,1 million).

Contracted services have been identified as a cost saving area for the Municipality. As part of the compilation of the 2014/15MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2014/15financial year, this group of expenditure totals R12 million.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Further details relating to contracted services can be seen in MBRR SA1.

The following table gives a breakdown of the main expenditure categories for the 2014/15 financial year.

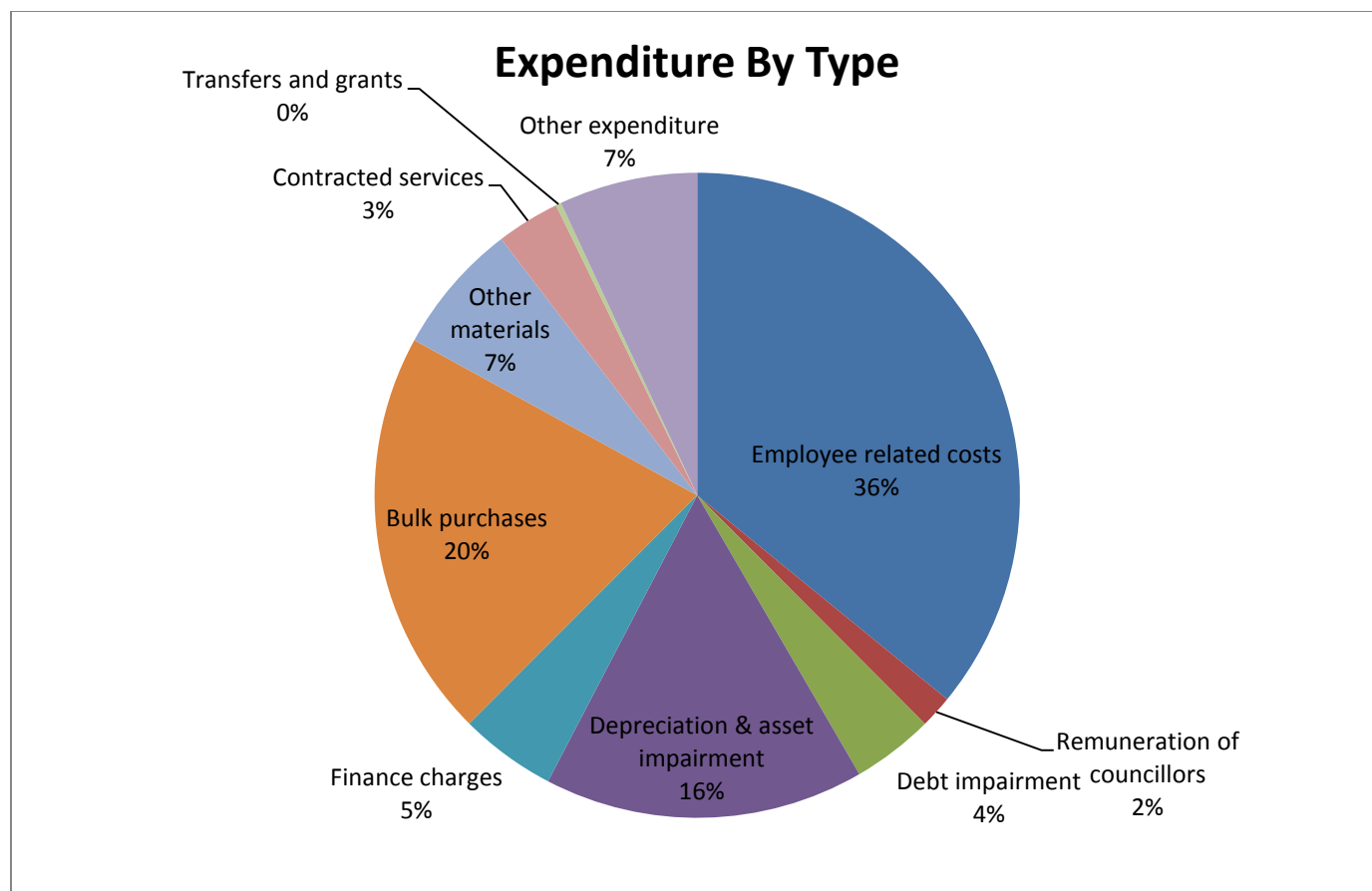


Figure 1 Main operational expenditure categories for the 2014/15 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2014/15 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 10 Operational repairs and maintenance

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Repairs and Maintenance by Expenditure Item	8										
Employee related costs											
Other materials		4,110	4,587	16,586	17,413	12,171	12,171	12,171	25,056	20,577	20,208
Contracted Services											
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	4,110	4,587	16,586	17,413	12,171	12,171	12,171	25,056	20,577	20,208

During the compilation of the 2014/15 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by 52.1 per cent in the 2014/15 financial year, from R12,2 million to R25,1 million. During the 2013/14 Adjustment Budget this allocation was adjusted slightly downwards from R17,4 million to R11,8 million owing to the cash flow challenges faced by the Municipality. Notwithstanding this reduction, as part of the 2014/15 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2014/15 equates to R25,1 million a growth of 52.1 per cent in relation to the Adjustment Budget and continues to grow over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 6.6 per cent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 11 Repairs and maintenance per asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
<u>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</u>										
-										
<u>Infrastructure</u>		-	-	12,594	28,936	25,222	25,222	1,748	15,830	12,000
Infrastructure - Road transport		-	-	10,356	21,536	18,451	18,451	1,748	15,830	12,000
Roads, Pavements & Bridges				10,356	21,536	18,451	18,451	1,748	15,830	12,000
Storm water										
Infrastructure - Electricity					5,000	3,871	3,871			

		-	-	645				-	-	-
Generation				645	5,000	3,871	3,871			
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	-	1,592	2,400	2,900	2,900	-	-	-
Waste Management				1,592	2,400	2,900	2,900			
Transportation	2									
Gas										
Other	3									
Community		-	-	-	4,350	3,700	3,700	9,000	-	-
Parks & gardens						-	-			
Sportsfields & stadia					3,000	3,000	3,000	9,000		
Swimming pools						-	-			
Community halls						-	-			
Libraries						-	-			
Recreational facilities					800	700	700			
Fire, safety & emergency						-	-			
Security and policing						-	-			
Buses	7					-	-			
Clinics						-	-			
Museums & Art Galleries					400	-	-			
Cemeteries					150	-	-			
Social rental housing	8					-	-			
Other										
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		-	-	-	-	-	-	-	-	-
General vehicles										
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										

Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
<u>Agricultural assets</u>										
<i>List sub-class</i>										
<u>Biological assets</u>										
<i>List sub-class</i>										
<u>Intangibles</u>										
Computers - software & programming										
Other (<i>list sub-class</i>)										
Total Capital Expenditure on renewal of existing assets	1	–	–	12,594	33,286	28,922	28,922	10,748	15,830	12,000

For the 2014/15 financial year, R10, 7 million of total repairs and maintenance will be spent on infrastructure assets.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 5 500 or more indigent households during the 2014/15 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act and also the grant from Dr Ruth Sekgomotsi District Municipality for R12 million.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 12 2014/15 Medium-term capital budget per vote

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Capital Expenditure - Standard											
<i>Governance and administration</i>											

		1,341	229	3,770	4,700	6,639	6,639	6,639	500	200	200
Executive and council		845	90	377	50	1,188	1,188	1,188			
Budget and treasury office		59	79	1,211	50	421	421	421	100	100	100
Corporate services		437	60	2,182	4,600	5,030	5,030	5,030	400	100	100
Community and public safety		8,294	5,158	699	4,470	3,700	3,700	3,700	10,400	700	5,065
Community and social services		114	5,158	149	1,470	689	689	689	500	500	500
Sport and recreation				265	3,000	3,000	3,000	3,000	9,000		4,365
Public safety		5,893		282		7	7	7	900	200	200
Housing		2,287		2		4	4	4			
Health						–	–	–			
Economic and environmental services		3,128	14,857	13,983	27,536	19,101	19,101	19,101	12,548	16,330	12,500
Planning and development				27		–	–	–			
Road transport		3,128	14,857	13,955	27,536	19,101	19,101	19,101	12,548	16,330	12,500
Environmental protection						–	–	–			
Trading services		5,302	5,122	8,682	55,900	23,671	23,671	23,671	21,300	7,500	13,000
Electricity		3,493	4,802	3,638	52,000	18,771	18,771	18,771	16,500	7,500	13,000
Water		716		355		–	–	–	2,000	–	–
Waste water management		258		43	1,000	1,000	1,000	1,000	–		
Waste management		835	319	4,647	2,900	3,900	3,900	3,900	2,800	–	–
Other						–	–	–			
Total Capital Expenditure - Standard	3	18,066	25,366	27,134	92,606	53,111	53,111	53,111	44,748	24,730	30,765

For 2014/15 an amount of R27,2 million has been appropriated for the development of infrastructure which represents 60.8 per cent of the total capital budget. In the outer years this amount totals R23,3 million, 94.3 per cent and R25 million, 81.3 per cent respectively for each of the financial years. Electricity infrastructure receives the highest allocation of R15,5 million in 2014/15 which equates to 34,6 per cent followed by Sport and Recreation at 20.1 per cent, R9 million.

Total new assets represent 75.9 per cent or R34 million of the total capital budget while asset renewal equates to 24.1 per cent or R10,7 million. Further detail relating to asset classes and proposed capital expenditure is contained in MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class.

The projects to be undertaken over the medium-term include:

Bulk Electrical Supply to X25 (New Substation)	8,000
Electricification of 600 houses Ext 25	4,000
High Mast Lights - Huhudi , Dithakwaneng, Devondale and Rekgarathile (Stella)	3,500
Street lights Ext 25	1,000
Sport Stadium : Colridge	5,000
Sport Stadium : Huhudi	4,000
Paved Roads : Huhudi	1,748
Fire fighting vehicles	700
Road Building Vehicles and Equipment	10,000
TLB for Water and Sewer Departments	2,000
Refuse bins	2,800
Road Building Vehicles	300
Sundry machinery and equipment	1,700
TOTAL EXPENDITURE	44,748

The following graph provides a breakdown of the capital budget for 2014/15 per vote.

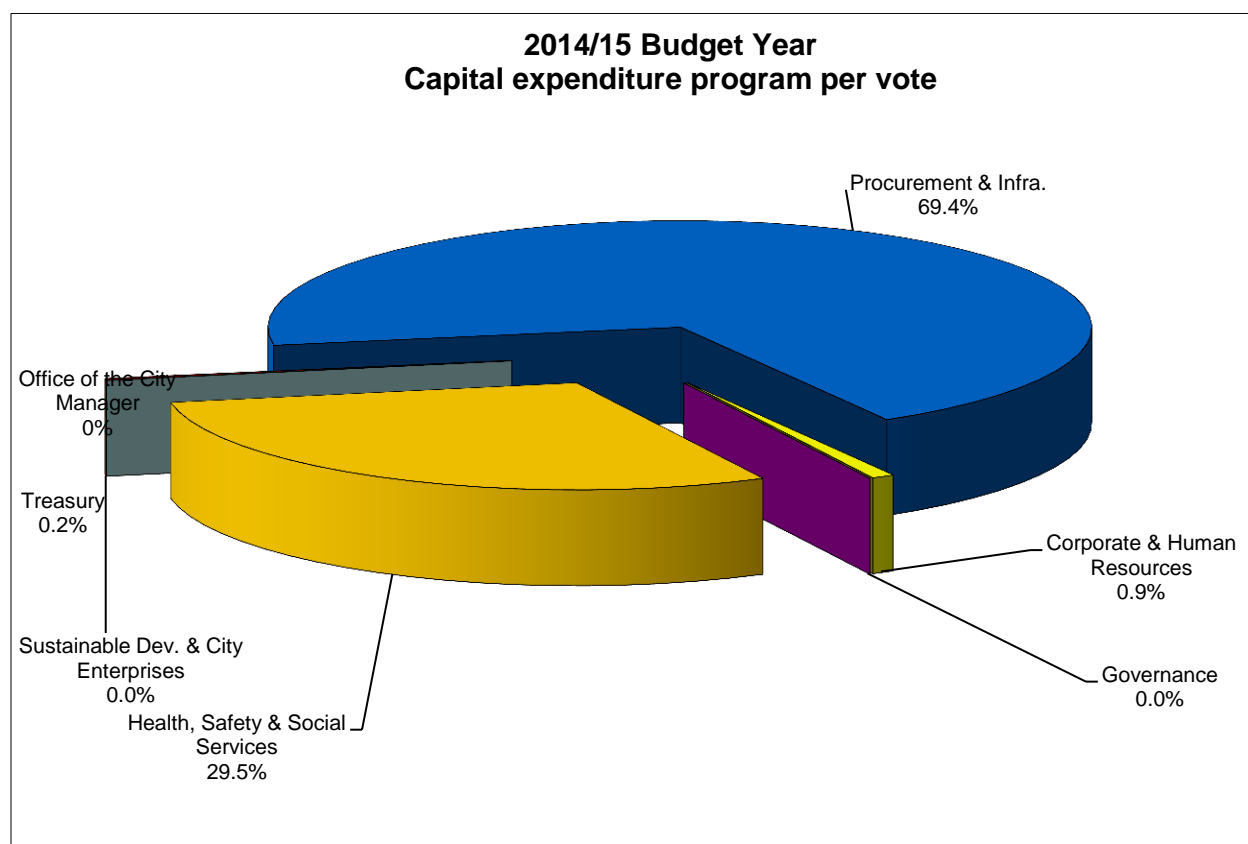


Figure 2 Capital Budget per Vote

1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 13 MBRR Table A1 - Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Financial Performance</u>										
Property rates	20,963	25,577	27,872	26,646	32,278	32,278	32,278	39,842	42,193	44,514
Service charges	107,411	123,277	127,324	152,715	146,754	146,754	146,754	164,994	175,642	186,265
Investment revenue	275	174	593	596	500	500	500	600	635	670
Transfers recognised - operational	28,211	33,179	58,826	54,331	56,031	56,031	56,031	55,559	57,430	58,405
Other own revenue	12,985	16,625	24,314	23,679	31,857	31,857	31,857	38,477	23,689	24,986
Total Revenue (excluding capital transfers and contributions)	169,845	198,832	238,930	257,967	267,420	267,420	267,420	299,472	299,589	314,840
Employee costs	68,700	73,678	89,169	106,286	114,245	114,245	114,245	135,719	143,726	151,631
Remuneration of councillors	4,384	4,328	4,603	4,806	6,019	6,019	6,019	6,176	6,541	6,901
Depreciation & asset impairment	8,463	46,783	47,221	55,364	50,600	50,600	50,600	60,600	64,175	67,705
Finance charges	10,435	10,670	18,756	5,723	18,287	18,287	18,287	18,285	18,970	19,622
Materials and bulk purchases	49,896	47,945	84,079	97,713	92,371	92,371	92,371	102,556	102,650	106,795
Transfers and grants	–	419	1,687	1,564	619	619	619	1,004	1,064	1,122
Other expenditure	52,048	87,432	105,144	38,234	64,868	64,868	64,868	53,746	56,876	59,805
Total Expenditure	193,927	271,255	350,658	309,690	347,008	347,008	347,008	378,087	394,002	413,581
Surplus/(Deficit)	(24,082)	(72,423)	(111,728)	(51,723)	(79,588)	(79,588)	(79,588)	(78,615)	(94,413)	(98,741)
Transfers recognised - capital	13,487	18,668	23,256	57,606	50,477	50,477	50,477	24,751	24,163	30,226
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(10,595)	(53,755)	(88,472)	5,883	(29,111)	(29,111)	(29,111)	(53,864)	(70,250)	(68,515)
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(10,595)	(53,755)	(88,472)	5,883	(29,111)	(29,111)	(29,111)	(53,864)	(70,250)	(68,515)
<u>Capital expenditure & funds sources</u>										
Capital expenditure	18,066	25,366	27,134	92,606	53,111	53,111	53,111	44,748	24,730	30,765
Transfers recognised - capital	9,318	18,275	17,319	55,851	49,722	49,722	49,722	27,948	23,330	29,365
Public contributions & donations	4,802	393	–	–	–	–	–	–	–	–
Borrowing	–	–	–	27,000	–	–	–	10,000	–	–
Internally generated funds	3,946	6,697	9,814	9,755	3,389	3,389	3,389	6,800	1,400	1,400
Total sources of capital funds	18,066	25,366	27,134	92,606	53,111	53,111	53,111	44,748	24,730	30,765
<u>Financial position</u>										
Total current assets	61,059	58,395	52,065	87,363	116,578	116,578	116,578	123,568	126,081	127,479
Total non current assets	975,941	1,002,089	981,674	955,140	970,681	970,681	970,681	955,548	916,103	879,162

Total current liabilities	167,668	186,211	243,712	128,892	175,520	175,520	175,520	190,402	197,400	208,257
Total non current liabilities	7,674	100,362	103,760	85,815	103,236	103,236	103,236	120,457	127,564	134,623
Community wealth/Equity	861,659	773,911	686,267	827,796	808,502	808,502	808,502	768,257	717,220	663,762
Cash flows										
Net cash from (used) operating	3,970	30,640	23,064	10,822	(10,715)	(10,715)	(10,715)	(40,822)	(19,928)	(7,639)
Net cash from (used) investing	–	(24,212)	(26,079)	(25,256)	14,239	14,239	14,239	27,354	20,270	9,235
Net cash from (used) financing	(2,647)	(571)	–	16,978	(1,987)	(1,987)	(1,987)	8,013	(2,195)	(2,425)
Cash/cash equivalents at the year end	3,299	9,156	6,141	8,808	7,801	7,801	7,801	3,823	1,969	1,140
Cash backing/surplus reconciliation										
Cash and investments available	3,299	9,278	6,263	12,357	12,357	12,357	12,357	13,123	13,897	14,662
Application of cash and investments	52,368	102,637	139,648	43,614	14,898	14,898	14,898	11,260	12,020	14,632
Balance - surplus (shortfall)	(49,069)	(93,358)	(133,385)	(31,257)	(2,541)	(2,541)	(2,541)	1,864	1,877	30
Asset management										
Asset register summary (WDV)	971,103	1,001,370	980,955	955,140	970,681	970,681	954,829	954,829	915,384	878,443
Depreciation & asset impairment	8,463	46,783	47,221	55,364	50,600	50,600	60,600	60,600	64,175	67,705
Renewal of Existing Assets	–	–	12,594	33,286	28,922	28,922	28,922	10,748	15,830	12,000
Repairs and Maintenance	4,110	4,587	16,586	17,413	12,171	12,171	25,056	25,056	20,577	20,208
Free services										
Cost of Free Basic Services provided	1,930	2,040	1,025	2,412	2,412	2,412	17,231	17,231	18,247	19,251
Revenue cost of free services provided	1,950	2,060	1,045	2,432	2,432	2,432	7,215	7,215	7,661	8,110
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	0	0	–	–	–	–	–	–	–	–
Energy:	7	8	9	9	9	9	9	9	9	9
Refuse:	1	1	1	1	1	1	1	1	1	1

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the 2013/14
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase.

Table 14 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description R thousand	Ref 1	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Revenue - Standard</u>										
<i>Governance and administration</i>		57,077	66,430	80,373	92,977	105,086	105,086	116,624	111,268	115,233
Executive and council	318	334	17,283	9,807	7,350	7,350	12,102	–	–	
Budget and treasury office	56,762	66,029	62,313	78,587	93,038	93,038	103,900	110,610	114,538	
Corporate services	(3)	67	778	4,583	4,698	4,698	622	659	695	
<i>Community and public safety</i>		10,031	5,629	16,014	11,517	14,266	14,266	9,882	9,692	10,196
Community and social services	734	281	1,299	674	742	742	2,518	2,635	2,751	
Sport and recreation	226	352	924	2,083	1,328	1,328	358	379	400	
Public safety	7,118	4,761	13,789	8,759	12,190	12,190	6,996	6,667	7,034	
Housing	1,954	234	2	2	6	6	10	11	11	
Health	–	–	–	–	–	–	–	–	–	
<i>Economic and environmental services</i>		5,642	19,684	25,381	32,603	31,120	31,120	16,509	17,148	17,738
Planning and development	523	923	839	356	439	439	418	443	467	
Road transport	5,119	18,761	24,542	32,247	30,681	30,681	16,091	16,705	17,271	
Environmental protection	–	–	–	–	–	–	–	–	–	
<i>Trading services</i>		110,579	125,754	140,418	178,476	167,425	167,425	181,208	185,644	201,899
Electricity	62,050	72,288	89,488	125,012	104,876	104,876	119,777	122,542	135,327	
Water	22,275	27,507	21,850	21,888	33,382	33,382	28,168	29,830	31,471	
Waste water management	12,615	13,124	15,092	16,325	15,067	15,067	16,572	17,550	18,515	
Waste management	13,639	12,836	13,987	15,251	14,100	14,100	16,691	15,721	16,586	
<i>Other</i>	4	2	3	–	–	–	–	–	–	–
Total Revenue - Standard	2	183,332	217,500	262,186	315,573	317,897	317,897	324,223	323,752	345,066
<u>Expenditure - Standard</u>	-									
<i>Governance and administration</i>		42,730	142,847	86,289	64,883	87,367	87,367	95,459	100,656	105,601
Executive and council	17,136	19,813	20,291	19,518	20,715	20,715	24,937	26,741	28,026	
Budget and treasury office	20,656	117,089	51,466	32,944	43,868	43,868	45,435	47,302	49,498	
Corporate services	4,938	5,945	14,532	12,422	22,785	22,785	25,087	26,613	28,077	
<i>Community and public safety</i>		28,635	27,015	41,835	41,861	45,566	45,566	49,268	52,175	55,044
Community and social services	4,532	2,527	14,716	8,244	10,273	10,273	10,920	11,564	12,201	
Sport and recreation	6,741	6,367	6,189	10,953	10,089	10,089	9,660	10,230	10,792	
Public safety	15,160	16,132	19,201	22,648	25,199	25,199	28,667	30,358	32,028	
Housing	2,202	1,990	1,728	16	6	6	21	22	23	

Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		15,340	23,319	83,911	75,169	81,441	81,441	95,484	95,160	98,894
Planning and development		5,736	2,768	425	1,025	871	871	3,136	3,321	3,504
Road transport		9,604	20,550	83,486	74,144	80,570	80,570	92,348	91,839	95,390
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		107,220	78,067	138,622	127,776	132,634	132,634	137,876	146,011	154,041
Electricity		53,036	43,486	74,727	79,195	77,262	77,262	85,229	90,257	95,222
Water		13,418	11,780	41,400	23,862	30,597	30,597	23,173	24,540	25,890
Waste water management		32,703	15,064	8,786	10,062	8,989	8,989	11,693	12,383	13,064
Waste management		8,063	7,737	13,710	14,657	15,786	15,786	17,781	18,830	19,866
Other	4	2	6	-	-	-	-	-	-	-
Total Expenditure - Standard	3	193,927	271,255	350,658	309,690	347,008	347,008	378,087	394,002	413,581
Surplus/(Deficit) for the year		(10,595)	(53,755)	(88,472)	5,883	(29,111)	(29,111)	(53,864)	(70,250)	(68,515)

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

Table 15 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote	1									
Vote 1 - ADMINISTRATION & CORPORATE SERVICES		(3)	67	778	4,583	4,698	4,698	622	659	695
Vote 2 - FINANCE MANAGEMENT SERVICES		56,762	66,029	62,313	78,587	93,038	93,038	103,900	110,610	114,538
Vote 3 - COMMUNITY DEVELOPMENT SERVICES		24,194	19,388	30,840	26,769	28,449	28,449	26,991	25,856	27,249
Vote 4 - TECHNICAL SERVICES		102,062	131,682	150,973	195,827	184,361	184,361	180,608	186,628	202,584
Vote 5 - MUNICIPAL MANAGER		318	334	17,283	9,807	7,350	7,350	12,102	-	-
Vote 6 - ECONOMIC DEVELOPMENT		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	183,332	217,500	262,186	315,573	317,897	317,897	324,223	323,752	345,066
Expenditure by Vote to be appropriated	1									
Vote 1 - ADMINISTRATION & CORPORATE SERVICES		4,938	5,945	14,532	12,422	22,785	22,785	25,087	26,613	28,077
Vote 2 - FINANCE MANAGEMENT SERVICES		20,656	117,089	51,466	32,944	43,868	43,868	45,435	47,302	49,498
Vote 3 - COMMUNITY DEVELOPMENT SERVICES		42,433	37,520	55,970	56,518	57,580	57,580	68,444	72,482	76,468
Vote 4 - TECHNICAL SERVICES		108,764	90,888	208,398	188,288	198,289	198,289	212,443	219,020	229,566
Vote 5 - MUNICIPAL MANAGER		17,136	19,813	20,291	19,518	24,486	24,486	24,937	26,741	28,026
Vote 6 - ECONOMIC DEVELOPMENT		-	-	-	-	-	-	1,742	1,844	1,946
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-

Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	193,927	271,255	350,658	309,690	347,008	347,008	378,087	394,002	413,581
Surplus/(Deficit) for the year	2	(10,595)	(53,755)	(88,472)	5,883	(29,111)	(29,111)	(53,864)	(70,250)	(68,515)

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 16 Surplus/(Deficit) calculations for the trading services

Standard Classification Description R thousand	Ref 1	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Trading services										
Electricity										
Total operating revenue		59,921	72,103	86,544	125,012	104,876	104,876	119,777	122,542	135,327
Total operating expenditure		44,963	43,649	66,498	79,195	77,262	77,262	85,229	90,257	95,222
Surplus/ (deficit) for the year		14,959	28,453	20,046	45,817	27,614	27,614	34,548	32,285	40,106
Water										
Total operating revenue		22,275	25,516	25,517	22,791	33,382	33,382	28,168	29,830	31,471
Total operating expenditure		12,992	14,021	11,945	23,862	30,597	30,597	23,173	24,540	25,890
Surplus/ (deficit) for the year		9,283	11,495	13,571	(1,072)	2,785	2,785	4,995	5,290	5,581
Waste water management										
Total operating revenue		12,500	13,107	15,092	16,325	15,067	15,067	16,572	17,550	18,515
Total operating expenditure		32,282	4,254	6,728	10,062	8,989	8,989	11,693	12,383	13,064
Surplus/ (deficit) for the year		(19,782)	8,854	8,364	6,263	6,078	6,078	4,878	5,166	5,450
Waste management										
Total operating revenue		13,626	12,788	13,987	15,251	14,100	14,100	16,691	15,721	16,586
Total operating expenditure		7,616	8,138	11,551	14,657	15,786	15,786	17,781	18,830	19,866
Surplus/ (deficit) for the year		6,010	4,650	2,436	594	(1,686)	(1,686)	(1,089)	(3,109)	(3,280)

2. The electricity trading surplus is improving in the 2014/15MTREF to R34,5 million. This is primarily as a result of the high increases in Eskom bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.
3. The water trading will have a surplus in the 2014/15MTREF OF R4,9 million, and continue to improve in 2015/16 and 2016/17.
4. Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services.*

Table 17 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Revenue By Source											
Property rates	2	20,963	23,972	27,872	26,646	32,278	32,278	32,278	39,842	42,193	44,514
Property rates - penalties & collection charges		–	1,605	–							
Service charges - electricity revenue	2	59,245	72,007	77,554	99,574	85,620	85,620	85,620	107,549	114,807	122,084
Service charges - water revenue	2	22,116	25,408	21,733	22,615	33,132	33,132	33,132	27,868	29,513	31,136
Service charges - sanitation revenue	2	12,449	13,074	14,049	15,275	14,002	14,002	14,002	14,732	15,601	16,459
Service charges - refuse revenue	2	13,601	12,788	13,987	15,251	14,000	14,000	14,000	14,845	15,721	16,586
Service charges - other						–	–	–			
Rental of facilities and equipment		780	898	1,065	755	1,055	1,055	1,055	949	1,005	1,061
Interest earned - external investments		275	174	593	596	500	500	500	600	635	670
Interest earned - outstanding debtors		7,421	9,064	9,998	8,500	15,000	15,000	15,000	12,000	12,708	13,407
Dividends received						–	–	–			
Fines		316	297	403	301	350	350	350	340	360	380
Licences and permits		1,438	4,114	5,478	2,356	5,690	5,690	5,690	5,670	6,005	6,335
Agency services						–	–	–			
Transfers recognised - operational		28,211	33,179	58,826	54,331	56,031	56,031	56,031	55,559	57,430	58,405
Other revenue	2	2,479	2,253	4,483	4,417	2,412	2,412	2,412	7,415	3,610	3,804
Gains on disposal of PPE		552	–	2,887	7,350	7,350	7,350	7,350	12,102	–	–
Total Revenue (excluding capital transfers and contributions)		169,845	198,832	238,930	257,967	267,420	267,420	267,420	299,472	299,589	314,840
Expenditure By Type	-										
Employee related costs	2	68,700	73,678	89,169	106,286	114,245	114,245	114,245	135,719	143,726	151,631
Remuneration of councillors		4,384	4,328	4,603	4,806	6,019	6,019	6,019	6,176	6,541	6,901
Debt impairment	3	26,813	57,734	49,705	15,957	18,682	18,682	18,682	15,473	15,982	16,861
Depreciation & asset impairment	2	8,463	46,783	47,221	55,364	50,600	50,600	50,600	60,600	64,175	67,705
Finance charges		10,435	10,670	18,756	5,723	18,287	18,287	18,287	18,285	18,970	19,622
Bulk purchases	2	45,786	43,358	67,493	80,300	80,200	80,200	80,200	77,500	82,073	86,586
Other materials	8	4,110	4,587	16,586	17,413	12,171	12,171	12,171	25,056	20,577	20,208
Contracted services		9,488	6,651	30,017	2,776	12,198	12,198	12,198	12,027	12,722	13,408
Transfers and grants		–	419	1,687	1,564	619	619	619	1,004	1,064	1,122
Other expenditure	4, 5	15,747	18,889	25,422	19,500	33,988	33,988	33,988	26,245	28,172	29,536
Loss on disposal of PPE		–	4,159	–							
Total Expenditure											

		193,927	271,255	350,658	309,690	347,008	347,008	347,008	378,087	394,002	413,581
Surplus/(Deficit)		(24,082)	(72,423)	(111,728)	(51,723)	(79,588)	(79,588)	(79,588)	(78,615)	(94,413)	(98,741)
Transfers recognised - capital		13,487	18,668	23,256	57,606	50,477	50,477	50,477	24,751	24,163	30,226
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		(10,595)	(53,755)	(88,472)	5,883	(29,111)	(29,111)	(29,111)	(53,864)	(70,250)	(68,515)
Taxation											
Surplus/(Deficit) after taxation		(10,595)	(53,755)	(88,472)	5,883	(29,111)	(29,111)	(29,111)	(53,864)	(70,250)	(68,515)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(10,595)	(53,755)	(88,472)	5,883	(29,111)	(29,111)	(29,111)	(53,864)	(70,250)	(68,515)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(10,595)	(53,755)	(88,472)	5,883	(29,111)	(29,111)	(29,111)	(53,864)	(70,250)	(68,515)

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R299.5 million in 2014/15 and escalates to R299.6 million by 2015/16.
2. Revenue to be generated from property rates is R39,8 million in the 2014/15 financial year and increases to R41.2 million by 2014/15 which represents 12.1 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at -18.76 per cent, 5.9 per cent and 5.5 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R164.9 million for the 2014/15 financial year and increasing to R175.6 million by 2015/16. For the 2014/15 financial year services charges amount to 50.9 per cent of the total revenue base
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government and the Dr Ruth Sekgomotsi District municipality.
5. The following graph illustrates the major expenditure items per type.

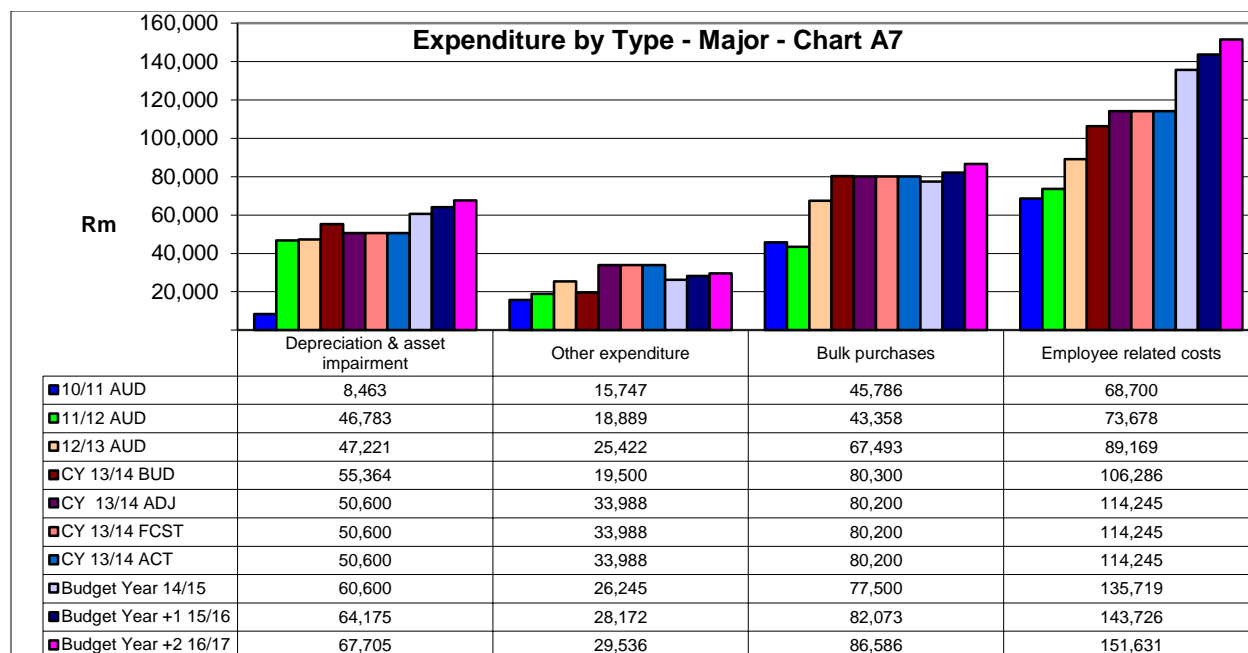


Figure 3 Expenditure by major type

6. Bulk purchases have significantly increased over the 2014/15 to 2015/16 period escalating from R77.5 million to R82.1 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Rand Water.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 18 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - ADMINISTRATION & CORPORATE SERVICES		437	60	2,182	4,600	5,030	5,030	5,030	400	100	100
Vote 2 - FINANCE MANAGEMENT SERVICES		59	79	1,211	50	421	421	421	100	100	100
Vote 3 - COMMUNITY DEVELOPMENT SERVICES		9,129	5,478	5,373	7,370	7,600	7,600	7,600	13,200	700	5,065
Vote 4 - TECHNICAL SERVICES		7,595	19,659	17,991	80,536	38,872	38,872	38,872	31,048	23,830	25,500
Vote 5 - MUNICIPAL MANAGER		845	90	377	50	1,188	1,188	1,188	-	-	-
Vote 6 - ECONOMIC DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	18,066	25,366	27,134	92,606	53,111	53,111	53,111	44,748	24,730	30,765
Single-year expenditure to be appropriated	2										
Vote 1 - ADMINISTRATION & CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE MANAGEMENT SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 3 - COMMUNITY DEVELOPMENT SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 6 - ECONOMIC DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-

Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		18,066	25,366	27,134	92,606	53,111	53,111	53,111	44,748	24,730	30,765
<u>Capital Expenditure - Standard</u>											
<i>Governance and administration</i>		1,341	229	3,770	4,700	6,639	6,639	6,639	500	200	200
Executive and council		845	90	377	50	1,188	1,188	1,188			
Budget and treasury office		59	79	1,211	50	421	421	421	100	100	100
Corporate services		437	60	2,182	4,600	5,030	5,030	5,030	400	100	100
<i>Community and public safety</i>		8,294	5,158	699	4,470	3,700	3,700	3,700	10,400	700	5,065
Community and social services		114	5,158	149	1,470	689	689	689	500	500	500
Sport and recreation				265	3,000	3,000	3,000	3,000	9,000		4,365
Public safety		5,893		282		7	7	7	900	200	200
Housing		2,287		2		4	4	4			
Health						-	-	-			
<i>Economic and environmental services</i>		3,128	14,857	13,983	27,536	19,101	19,101	19,101	12,548	16,330	12,500
Planning and development				27		-	-	-			
Road transport		3,128	14,857	13,955	27,536	19,101	19,101	19,101	12,548	16,330	12,500
Environmental protection						-	-	-			
<i>Trading services</i>		5,302	5,122	8,682	55,900	23,671	23,671	23,671	21,300	7,500	13,000
Electricity		3,493	4,802	3,638	52,000	18,771	18,771	18,771	16,500	7,500	13,000
Water		716		355		-	-	-	2,000	-	-
Waste water management		258		43	1,000	1,000	1,000	1,000	-		
Waste management		835	319	4,647	2,900	3,900	3,900	3,900	2,800	-	-
<i>Other</i>						-	-	-			
Total Capital Expenditure - Standard	3	18,066	25,366	27,134	92,606	53,111	53,111	53,111	44,748	24,730	30,765
<u>Funded by:</u>											
National Government		7,031	18,275	17,319	39,351	33,222	33,222	33,222	27,248	23,330	29,365
Provincial Government		2,287				-	-	-	700		
District Municipality					16,500	16,500	16,500	16,500			
Other transfers and grants						-	-	-			
Transfers recognised - capital	4	9,318	18,275	17,319	55,851	49,722	49,722	49,722	27,948	23,330	29,365
Public contributions & donations	5	4,802	393			-	-	-			
Borrowing	6				27,000	-	-	-	10,000		
Internally generated funds		3,946	6,697	9,814	9,755	3,389	3,389	3,389	6,800	1,400	1,400

Total Capital Funding	7	18,066	25,366	27,134	92,606	53,111	53,111	53,111	44,748	24,730	30,765
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Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. The capital budget appropriations, for 2014/15 amounts to R44.7 million.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital programme is funded from national and provincial grants and District municipality's grants, borrowing and internally generated funds from current year surpluses. For 2014/15, capital transfers totals R27,9 million (62.5 per cent) and decreases to R23.3 million by 2014/15 (94.5 per cent). Borrowing has been provided at R10 million for 2014/15, with internally generated funding totaling R6,8 million, R1,4 million for each of the respective financial years of the MTREF.

Table 19 MBRR Table A6 - Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
ASSETS											
Current assets											
Cash			5,980	6,136	12	12	12	12	13	14	15
Call investment deposits	1	3,299	3,298	128	12,345	12,345	12,345	12,345	13,110	13,883	14,647
Consumer debtors	1	50,523	38,051	25,762	55,364	84,578	84,578	84,578	85,163	85,411	84,571
Other debtors		7,151	9,013	17,577	15,390	15,390	15,390	15,390	22,666	24,004	25,324
Current portion of long-term receivables						–	–	–	–	–	–
Inventory	2	87	2,052	2,463	4,252	4,252	4,252	4,252	2,615	2,770	2,922
Total current assets		61,059	58,395	52,065	87,363	116,578	116,578	116,578	123,568	126,081	127,479
Non current assets											
Long-term receivables											
Investments											
Investment property											
Investment in Associate											
Property, plant and equipment	3	971,103	1,001,370	980,955	951,083	970,681	970,681	970,681	954,829	915,384	878,443
Agricultural		4,838									
Biological					4,057	–	–	–			
Intangible											
Other non-current assets			719	719					719	719	719
Total non current assets		975,941	1,002,089	981,674	955,140	970,681	970,681	970,681	955,548	916,103	879,162
TOTAL ASSETS		1,037,001	1,060,484	1,033,739	1,042,503	1,087,258	1,087,258	1,087,258	1,079,117	1,042,184	1,006,641
LIABILITIES											
Current liabilities											
Bank overdraft	- 1										
Borrowing	4	62,269	46,256	52,349	15,745	55,187	55,187	55,187	58,609	62,067	65,481
Consumer deposits		3,274	3,760	3,579	3,851	3,851	3,851	3,851	4,090	4,332	4,570
Trade and other payables	4	92,009	129,268	177,749	106,446	106,446	106,446	106,446	117,046	119,715	126,300
Provisions		10,116	6,927	10,035	2,850	10,035	10,035	10,035	10,657	11,286	11,906
Total current liabilities		167,668	186,211	243,712	128,892	175,520	175,520	175,520	190,402	197,400	208,257
Non current liabilities											
Borrowing		–	–	524	67,443	–	–	–	10,821	11,459	12,132
Provisions		7,674	100,362	103,236	18,372	103,236	103,236	103,236	109,637	116,105	122,491
Total non current liabilities		7,674	100,362	103,760	85,815	103,236	103,236	103,236	120,457	127,564	134,623
TOTAL LIABILITIES		175,341	286,573	347,472	214,707	278,756	278,756	278,756	310,859	324,964	342,879

NET ASSETS	5	861,659	773,911	686,267	827,796	808,502	808,502	808,502	768,257	717,220	663,762
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		861,659	772,685	684,419	827,796	806,655	806,655	806,655	766,295	715,142	661,570
Reserves	4	–	1,225	1,847	–	1,847	1,847	1,847	1,962	2,078	2,192
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	861,659	773,911	686,267	827,796	808,502	808,502	808,502	768,257	717,220	663,762

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 23 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 20 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		96,781	93,635	155,276	173,777	186,393	186,393	186,393	210,282	219,688	233,075
Government - operating	1	28,211	33,179	58,826	54,331	56,031	56,031	56,031	55,559	57,430	58,405
Government - capital	1	13,487	18,668	23,256	57,606	50,477	50,477	50,477	24,751	24,163	30,226
Interest		7,696	9,237	10,592	9,096	500	500	500	600	4,635	5,670
Dividends											
Payments											
Suppliers and employees		(131,769)	(118,207)	(210,240)	(276,701)	(285,210)	(285,210)	(285,210)	(312,724)	(305,811)	(314,271)
Finance charges		(10,435)	(5,454)	(12,960)	(5,723)	(18,287)	(18,287)	(18,287)	(18,285)	(18,970)	(19,622)
Transfers and Grants	1		(419)	(1,687)	(1,564)	(619)	(619)	(619)	(1,004)	(1,064)	(1,122)
NET CASH FROM/(USED) OPERATING ACTIVITIES		3,970	30,640	23,064	10,822	(10,715)	(10,715)	(10,715)	(40,822)	(19,928)	(7,639)
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			1,088	118	7,350	7,350	7,350	7,350	12,102		
Decrease (Increase) in non-current debtors					60,000	60,000	60,000	60,000	60,000	45,000	40,000
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments											
Payments											
Capital assets			(25,300)	(26,196)	(92,606)	(53,111)	(53,111)	(53,111)	(44,748)	(24,730)	(30,765)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(24,212)	(26,079)	(25,256)	14,239	14,239	14,239	27,354	20,270	9,235
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing					27,000	-	-	-	10,000		
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing		(2,647)	(571)		(10,022)	(1,987)	(1,987)	(1,987)	(1,987)	(2,195)	(2,425)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(2,647)	(571)	-	16,978	(1,987)	(1,987)	(1,987)	8,013	(2,195)	(2,425)
NET INCREASE/ (DECREASE) IN CASH HELD		1,323	5,857	(3,015)	2,544	1,537	1,537	1,537	(5,456)	(1,853)	(829)
Cash/cash equivalents at the year begin:	2	1,976	3,299	9,156	6,263	6,263	6,263	6,263	9,278	3,823	1,969
Cash/cash equivalents at the year end:	2	3,299	9,156	6,141	8,808	7,801	7,801	7,801	3,823	1,969	1,140

Table 21 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	3,299	9,156	6,141	8,808	7,801	7,801	7,801	3,823	1,969	1,140
Other current investments > 90 days		(0)	122	122	3,549	4,556	4,556	4,556	9,300	11,928	13,521
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		3,299	9,278	6,263	12,357	12,357	12,357	12,357	13,123	13,897	14,662
<u>Application of cash and investments</u>											
Unspent conditional transfers		10,283	924	3,702	2,185	2,185	2,185	2,185	4,000	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2								(20,336)	(21,536)	(25,620)
Other working capital requirements	3	42,084	101,713	135,946	41,429	12,713	12,713	12,713	14,977	20,192	26,154
Other provisions									10,657	11,286	11,906
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5								1,962	2,078	2,192
Total Application of cash and investments:		52,368	102,637	139,648	43,614	14,898	14,898	14,898	11,260	12,020	14,632
Surplus(shortfall)		(49,069)	(93,358)	(133,385)	(31,257)	(2,541)	(2,541)	(2,541)	1,864	1,877	30

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

Table 22 MBRR Table A9 - Asset Management

Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	18,066	25,366	14,539	59,320	24,189	24,189	34,000	8,900	18,765
Infrastructure - Road transport		3,128	12,865	1,405	–	–	–	–	–	–
Infrastructure - Electricity		2,238	4,802	2,993	20,000	15,000	15,000	16,500	7,500	13,000
Infrastructure - Water		716	–	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		2,287	319	1,920	500	1,000	1,000	–	–	–
Infrastructure		8,369	17,987	6,318	20,500	16,000	16,000	16,500	7,500	13,000
Community	3	–	5,091	–	100	–	–	–	–	4,365
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	8,627	2,288	8,222	38,720	8,189	8,189	17,500	1,400	1,400
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		780	–	–	–	–	–	–	–	–
Intangibles		288	–	–	–	–	–	–	–	–
<u>Total Renewal of Existing Assets</u>	2	–	–	12,594	33,286	28,922	28,922	10,748	15,830	12,000
Infrastructure - Road transport		–	–	10,356	21,536	18,451	18,451	1,748	15,830	12,000
Infrastructure - Electricity		–	–	645	5,000	3,871	3,871	–	–	–
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		–	–	1,592	2,400	2,900	2,900	–	–	–
Infrastructure	–	–	–	12,594	28,936	25,222	25,222	1,748	15,830	12,000
Community	–	–	–	–	4,350	3,700	3,700	9,000	–	–
Heritage assets	–	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–	–
Other assets	6	–	–	–	–	–	–	–	–	–
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
<u>Total Capital Expenditure</u>	4									
Infrastructure - Road transport		3,128	12,865	11,761	21,536	18,451	18,451	1,748	15,830	12,000

Infrastructure - Electricity		2,238	4,802	3,638	25,000	18,871	18,871	16,500	7,500	13,000
Infrastructure - Water		716	–	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		2,287	319	3,512	2,900	3,900	3,900	–	–	–
Infrastructure		8,369	17,987	18,912	49,436	41,222	41,222	18,248	23,330	25,000
Community		3	5,091	–	4,450	3,700	3,700	9,000	–	4,365
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		8,627	2,288	8,222	38,720	8,189	8,189	17,500	1,400	1,400
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		780	–	–	–	–	–	–	–	–
Intangibles		288	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	2	18,066	25,366	27,134	92,606	53,111	53,111	44,748	24,730	30,765
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		506,429	497,066	510,137	508,226	540,177	540,177	509,703	491,409	467,408
Infrastructure - Electricity		214,335	206,418	207,771	204,445	218,316	218,316	219,771	211,339	207,530
Infrastructure - Water		13	12	13	14	14	14	13	12	10
Infrastructure - Sanitation		12,270	12,264	12,938	13,650	14,650	14,650	13,858	13,019	12,133
Infrastructure - Other		123,808	175,385	144,567	112,490	112,490	112,490	112,490	112,490	112,490
Infrastructure		856,856	891,145	875,427	838,825	885,647	885,647	855,834	828,268	799,572
Community		45,512	46,469	44,025	46,446	45,696	45,696	50,820	46,715	46,748
Heritage assets		719	719	719	719	719	719	719	719	719
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		63,177	63,036	60,784	65,092	38,618	38,618	47,455	39,682	31,403
Agricultural Assets		4,838	–	–	–	–	–	–	–	–
Biological assets		–	–	–	4,057	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	971,103	1,001,370	980,955	955,140	970,681	970,681	954,829	915,384	878,443
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		8,463	46,783	47,221	55,364	50,600	50,600	60,600	64,175	67,705
Repairs and Maintenance by Asset Class	3	4,110	4,587	16,586	17,413	12,171	12,171	25,056	20,577	20,208
Infrastructure - Road transport		–	–	–	14,000	9,000	9,000	16,643	11,668	10,809
Infrastructure - Electricity		–	–	–	200	200	200	6,453	6,834	7,209
Infrastructure - Water		–	–	–	650	650	650	500	530	559
Infrastructure - Sanitation		–	–	–	275	290	290	285	302	318
Infrastructure - Other										6

		-	-	-	-	-	-	5	5	
Infrastructure		-	-	-	15,125	10,140	10,140	23,886	19,338	18,901
Community		-	-	-	441	441	441	280	297	313
Heritage assets		-	-	-	5	5	5	2	2	2
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	4,110	4,587	16,586	1,843	1,586	1,586	888	940	992
TOTAL EXPENDITURE OTHER ITEMS		12,573	51,370	63,807	72,777	62,771	62,771	85,656	84,752	87,914
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	46.4%	35.9%	54.5%	54.5%	24.0%	64.0%	39.0%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	26.7%	60.1%	57.2%	57.2%	17.7%	24.7%	17.7%
<i>R&M as a % of PPE</i>		0.4%	0.5%	1.7%	1.8%	1.3%	1.3%	2.6%	2.2%	2.3%
<i>Renewal and R&M as a % of PPE</i>		0.0%	0.0%	3.0%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.

Table 23 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Household service targets	1									
<u>Water:</u>										
Piped water inside dwelling		8,630	9,380	11,300	11,300	11,300	11,300	13,300	15,300	17,300
Piped water inside yard (but not in dwelling)		240	240	240	240	240	240	240	240	240
Using public tap (at least min.service level)	2	835	1,435	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Other water supply (at least min.service level)	4	43	43	100	600	600	600	600	600	600
<i>Minimum Service Level and Above sub-total</i>		9,748	11,098	13,340	13,840	13,840	13,840	15,840	17,840	19,840
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply										
<i>Below Minimum Service Level sub-total</i>		–	–	–	–	–	–	–	–	–
Total number of households	5	9,748	11,098	13,340	13,840	13,840	13,840	15,840	17,840	19,840
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		9,213	10,713	13,000	13,000	13,000	13,000	15,000	15,000	15,000
Flush toilet (with septic tank)		365	400	420	420	420	420	420	420	420
Chemical toilet				–	–	–	–			
Pit toilet (ventilated)		835	1,435	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Other toilet provisions (> min.service level)		43	68	–	–	–	–			
<i>Minimum Service Level and Above sub-total</i>		10,456	12,616	15,020	15,020	15,020	15,020	17,020	17,020	17,020
Bucket toilet		145	145							
Other toilet provisions (< min.service level)										
No toilet provisions		43	43							
<i>Below Minimum Service Level sub-total</i>		188	188	–	–	–	–	–	–	–
Total number of households	5	10,644	12,804	15,020	15,020	15,020	15,020	17,020	17,020	17,020
<u>Energy:</u>										
Electricity (at least min.service level)		5,571	5,732	4,000	13,000	13,000	13,000	15,000	17,000	19,000
Electricity - prepaid (min.service level)		4,873	5,100	4,500	4,500	4,500	4,500	5,500	6,500	7,500
<i>Minimum Service Level and Above sub-total</i>		10,444	10,832	8,500	17,500	17,500	17,500	20,500	23,500	26,500
Electricity (< min.service level)		3,500	3,900	4,800	4,800	4,800	4,800	4,800	4,800	4,800
Electricity - prepaid (< min. service level)		3,300	3,600	3,900	3,900	3,900	3,900	3,900	3,900	3,900
Other energy sources				–	–	–	–			
<i>Below Minimum Service Level sub-total</i>		6,800	7,500	8,700	8,700	8,700	8,700	8,700	8,700	8,700
Total number of households	5	17,244	18,332	17,200	26,200	26,200	26,200	29,200	32,200	35,200
<u>Refuse:</u>										

Removed at least once a week		10,651	10,651	10,651	10,651	10,651	10,651	12,651	12,651	12,651
<i>Minimum Service Level and Above sub-total</i>		10,651	10,651	10,651	10,651	10,651	10,651	12,651	12,651	12,651
Removed less frequently than once a week										
Using communal refuse dump		790	790	790	790	790	790	790	790	790
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
<i>Below Minimum Service Level sub-total</i>		790	790	790	790	790	790	790	790	790
Total number of households	5	11,441	11,441	11,441	11,441	11,441	11,441	13,441	13,441	13,441
<u>Households receiving Free Basic Service</u>	7									
Water (6 kilolitres per household per month)		6,045	6,045	2,304	4,500	4,500	4,500	5,500	6,000	6,500
Sanitation (free minimum level service)		6,045	6,045	2,304	4,500	4,500	4,500	5,500	6,000	6,500
Electricity/other energy (50kwh per household per month)		6,045	6,045	2,304	4,500	4,500	4,500	5,500	6,000	6,500
Refuse (removed at least once a week)		6,045	6,045	2,304	4,500	4,500	4,500	5,500	6,000	6,500
<u>Cost of Free Basic Services provided (R'000)</u>	8									
Water (6 kilolitres per household per month)		163	180	80	165	165	165	9,012	9,544	10,069
Sanitation (free sanitation service)		756	816	364	751	751	751	3,636	3,850	4,062
Electricity/other energy (50kwh per household per month)		249	292	238	788	788	788	862	913	963
Refuse (removed once a week)		762	753	343	708	708	708	3,720	3,940	4,157
Total cost of FBS provided (minimum social package)		1,930	2,040	1,025	2,412	2,412	2,412	17,231	18,247	19,251
<u>Highest level of free service provided</u>										
Property rates (R value threshold)										
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)		125	135	158	167	167	167	177	186	196
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		85	85	240	240	240	240	240	240	240
<u>Revenue cost of free services provided (R'000)</u>	9									
Property rates (R15 000 threshold rebate)		20	20	20	20	20	20	20	20	20
Property rates (other exemptions, reductions and rebates)										
Water		163	180	80	165	165	165	514	544	574
Sanitation		756	816	364	1,251	1,251	1,251	1,240	1,314	1,386
Electricity/other energy		249	292	238	288	288	288	4,271	4,544	4,823
Refuse		762	753	343	708	708	708	1,170	1,239	1,307
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of free services provided (total social package)	6	1,950	2,060	1,045	2,432	2,432	2,432	7,215	7,661	8,110

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels (below minimum service level), for each of the main services.